WEEKLY ECONOMIC REVIEW

October 13, 2006

Canada's housing market, while maintaining its overall strength, moderated in September with 211,300 annualized housing units, 7.6 per cent drop relative to September, 2005. This compares to a steep 20 per cent decline in U.S. housing starts during the same period.

Alberta's housing market is maintaining its momentum, with housing starts averaging just under 50,000 (seasonally adjusted at annual rate), up 1.1 compared to September, 2005. On a year-to-date basis, housing starts are up 25 per cent.

Record house prices are also present in Alberta. Calgary's new house price index for August increased 60.6 per cent from last year and Edmonton's advanced 37.8 per cent. These increases are caused by rising wage costs, land prices and higher costs of construction materials.

Canada's trade surplus rose to $4.2 billion in August, as exports increased for the forth consecutive month. Large gains were concentrated in industrial goods and automotive products, which is in line with Alberta's increase in motor vehicle sales by 14.5 per cent from last year.

Cdn Dollar (C¢/US$)

Oct 13, 2006	88.0¢
Oct 6, 2006	88.8¢
2006-07 YTD	89.2¢

WTI Oil SUS/bbl

Oct 12, 2006	$57.86
Oct 5, 2006	$60.03
2006-07 YTD	$70.00

Nymex Natural Gas CS/mcf*
September Contract

Oct 13, 2006	$6.50
Oct 6, 2006	$6.94

*Estimate based on Nymex Futures Market Price

The U.S. trade gap widened in August, as the deficit hit a record high of US$69.9 billion. However, given that the US imports a large amount of oil, the recent softening of oil prices will likely have a positive impact on future balances.

Oil prices fell below US$60/bbl, despite the announcement that the Organization of Petrolium Exporting Countries (OPEC) would cut crude oil production by 1 million barrels a day starting next month.

Economic Indicators Released this Week	Reference Period	Month/Previous Month	Month/Previous Year's Month	Year-to-date[1]
Housing Starts[2]	**September**			
Alberta	47,700	0.6%	1.1%	25.0%
Canada	211,300	-2.4%	-7.6%	3.9%
New House Price Index (1997=100)	**August**			
Alberta	228.7	4.0%	53.5%	36.1%
Canada	155.7	1.6%	12.9%	9.4%
Canadian International Trade ($ Millions)	**August**			
Exports	38,672	0.3%	0.1%	3.8%
Imports	34,469	-0.6%	6.8%	4.3%
Trade Balance	4,203	9.1%	-24.5%	-0.04%
New Motor Vehicle Sales	**August**			
Alberta	22,204	2.4%	14.5%	12.3%
Canada	144,394	2.8%	4.9%	0.3%

Source: Statistics Canada and Canadian Mortgage and Housing Corporation

[1] *Year-to-date 2006 compared to the same time period in 2005. For example: January-August 2006 versus January-August 2005*

[2] *Seasonally Adjusted at Annual Rates*